



CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF THE TREASURY

NO.: 11-20-OMB	ORIGINATING AGENCY: OFFICE OF MANAGEMENT AND BUDGET	PAGE 1 OF 4
EFFECTIVE DATE: 04-27-11	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 06-03-OMB
SUBJECT: STATEWIDE NON-TAX DEBT COLLECTION AND WRITE-OFF		
ATTENTION: DIRECTORS OF ADMINISTRATION AND CHIEF FISCAL OFFICERS		
FOR INFORMATION CONTACT: CHRIS BESLER		PHONE: (609) 777-1020

This Circular was updated to streamline the document flow by eliminating the Department of the Treasury, Office of Fiscal and Resources from the process.

PURPOSE

This policy sets forth the basic responsibilities, principles, and general instructions for all State agencies to adequately manage the collection of unpaid and overdue amounts associated with fines, fees, penalties and other assessments (non-tax debt) to ensure all efforts are expended to maximize revenue and operational efficiency. Agencies shall make every effort to collect amounts due. If an agency is unable to collect a debt within 90 days, the account shall be transferred to the Department of the Treasury, Division of Revenue, Accounts Receivable and Collections Bureau for further collection efforts. The Division of Revenue was established for the purpose of consolidating and streamlining State government's revenue management functions including receipt processing and debt collection. The Division of Revenue is a centralized collection agency that provides assistance to all State agencies in the recovery and resolution of non-tax debt.

This policy also sets forth the general instructions for the removal of uncollectible non-tax debt from an agency's records, and the subsequent write-off of such debt that may appear in the State's general ledger. All non-tax debt that is deemed uncollectible and eligible for write-off by the Division of Revenue must be submitted to the Director, Office of Management and Budget for final approval. Only when such approval has been obtained may those accounts be removed from the books of the State and/or agency.

NON-TAX DEBT COLLECTION

AGENCY RESPONSIBILITY

Each agency is responsible for ensuring their internal systems for debt collection are adequate to effectively collect the amounts due. These internal systems shall include a computerized database that is designed and utilized to track and report on open accounts. The computerized database must be designed and utilized to accurately capture all of the information listed below.

AGENCY RESPONSIBILITY - continued

For accounts involving individuals, the information shall include:

- First name, last name, middle initial and if applicable, designations (e.g., "Jr.", "Sr.", "III")
- Home address
- Home telephone number
- Office telephone number
- Social security number
- Nature of debt
- Date of debt
- Amount of debt
- Payment (s) amount(s)
- Payment(s) date(s)
- Balance due

For accounts involving businesses, the information shall include:

- Company name
- Company address
- Contact(s) name(s)
- Contact(s) telephone numbers(s)
- Federal identification number
- Nature of debt
- Date of debt
- Amount of debt
- Payment(s) amount(s)
- Payment(s) date(s)
- Balance due

All accounts, whether they involve individuals or companies, shall be assigned account numbers that are consistent and logical for the agency.

The agency shall develop and establish written procedures and guidelines to be followed by all staff assigned to the debt collection function. These procedures and guidelines shall include, at a minimum, the following:

- Initial billing (invoice)
- First dunning letter via regular and/or certified mail after 30 days
- Telephone call after 45 days
- Second dunning letter via regular and/or certified mail after 60 days
- Telephone call after 75 days
- Transfer account to Division of Revenue at 91 days

With the written approval of the Division of Revenue, the agency may employ alternate procedures and guidelines for collecting non-tax debt. The agency must demonstrate to the Division of Revenue's satisfaction that the alternate procedures and guidelines ensure due diligence and follow-up on non-tax debt accounts and that they support efficient and effective collection practices.

The agency shall contact the Division of Revenue at (609) 777-1020 to arrange for the account transfer.

DIVISION OF REVENUE ACCOUNTS RECEIVABLE AND COLLECTIONS BUREAU

All account records transferred to the Division of Revenue shall be in compliance with the following:

- **Record Content** – Each account record transferred to the Division shall individually identify each debtor and provide all information regarding the debtor and the debt as outlined above. To the extent possible, each record should also include any information that will facilitate collection operations such as employer source and asset data. In cases where social security numbers are unavailable, the agency must submit a written explanation to the Division.
- **Record Format** – Account records transferred shall be in a generic electronic format such as a text file or a file produced by commonly used spreadsheet program, which is acceptable to the Division.

Once account records are transferred, the Division shall be the legal custodian thereof and shall be responsible for conducting all collection operations on the accounts using all available methods. The Division will also be responsible for the maintenance and disposition of all transferred account records as required by State law, and for safeguarding the records through enforcement of standardized anti-browsing and confidentiality controls.

The Division is empowered to conduct cross agency record searches, using all available records, and to match/merge data derived from such searches for the purpose of non-tax debt collection. In this regard, the Division will have unlimited access to statewide information that will assist in the resolution of all outstanding cases. The Division is to act as a clearinghouse for non-tax debtor location and asset information for all State agencies.

Any debt collected by the Division on behalf of an agency shall be credited to the appropriate account(s) of the Executive Branch Department that transferred the debt to the Division.

The Division may classify an account as uncollectible if all appropriate collection options have been exercised and the debt remains unpaid.

NON-TAX DEBT WRITE-OFF

All documentation of the efforts made to collect on non-tax debt accounts, including all correspondence received, must be retained until the accounts are either paid or approved for write-off. An account shall be deemed uncollectible and eligible for write-off only if the Division of Revenue deems the account uncollectible and if the account meets one of the following criteria:

1. Any debt of \$250 or less, which is delinquent at least six months with no contact or no payment from the debtor for at least six months.
2. Any debt greater than \$250, but no more than \$1,000 that is delinquent at least nine months with no contact or no payment from the debtor for at least nine months.
3. Any debt greater than \$1,000 that is delinquent at least one year with no contact or no payment from the debtor for at least one year. A judgment against the debtor must be obtained.
4. Any debt that is owed by a debtor that is deceased and there are no assets in his or her estate from which to collect the sum owed. A copy of the death certificate is required.
5. Any debt or portion thereof that is discharged in bankruptcy. A copy of the discharge notice is required.

NON-TAX DEBT WRITE-OFF - continued

6. Any debt that is owed by a corporation that is no longer in business or has been dissolved and there are no assets from which to collect the sum owed. Written documentation is required.
7. Any debt that is determined to be uncollectible by the Attorney General, his designee, or other agency legal counsel. Written documentation is required.

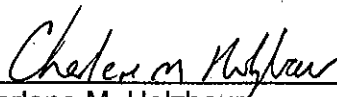
Having established that a diligent but unproductive collection effort has been pursued, the Division of Revenue will notify the agency or confirm that the account(s) is/are uncollectible. Subsequently, the Division of Revenue will submit the uncollected account(s) for write-off via Form AR900A for agency internal records or Form AR900 for State accounting records, whichever is appropriate. The form(s), together with documentation of the agency's collection effort and results thereof, shall be transmitted to:

Department of the Treasury
Director, Office of Management and Budget
P.O. Box 221
Trenton, New Jersey 08625-0221

OFFICE OF MANAGEMENT AND BUDGET

The Director, Office of Management and Budget, in accordance with the duties and authorities as outlined in N.J.S.A. 52:24-4 and 52:27B-33 et. seq. shall review the recommendations and make a formal determination as to the disposition of each account in question. All requests for write-off, after review and determination by the Director, will be forwarded to the Accounting Bureau, Office of Management and Budget and will serve as the basis for recording the appropriate entries on State and agency records. Where the write-off has been approved and the account appears on the State's central accounting system, the Accounting Bureau will remove it; if the account is solely on the agency's internal records, the copy of the approved request will serve as official authorization to remove the account from the agency's books.

The completed request form will be returned to the Division of Revenue for notification to the agency of the final determination of the uncollected accounts.


Charlene M. Holzbaur
Director